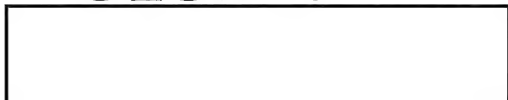


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OCI No. 0534/66

Copy No. 1

WEEKLY REPORT



THE SITUATION IN SOUTH VIETNAM

2 March 1966

**INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE**

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THE WEEK IN PERSPECTIVE

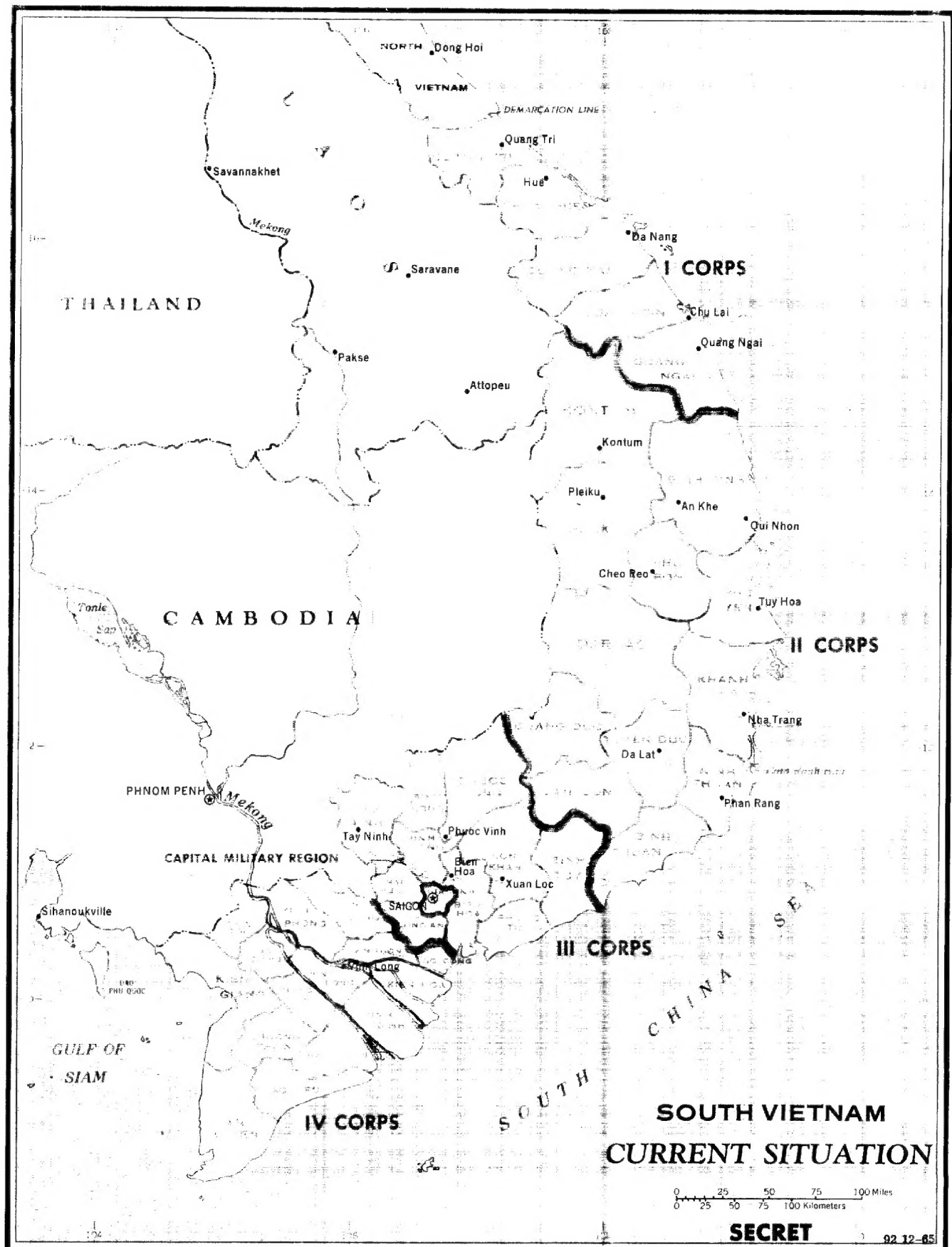
The pace of Communist military activity has increased, both in terms of initiated actions and of resistance in force to allied ground operations. Most of the action in recent days has been focused in the five northernmost provinces of I Corps, where the Communists have suffered heavily from government counteroperations, but the Viet Cong have also been active in the provinces east of Saigon and in the delta.

The Ky government has sought to keep up the momentum of the Honolulu conference and its own cabinet reshuffle by staging further rallies in the provinces, and by moving ahead both with plans to set up the national advisory council and to hold provincial council elections this spring. However, there are new signs of disenchantment on the part of Buddhists, as a result of the cabinet reshuffle, and on the part of intellectual circles over the anticipated slow pace of political and economic reforms.

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I. THE SITUATION IN SOUTH VIETNAM

A. POLITICAL SITUATION

1. Despite the Ky government's efforts to sustain the momentum generated in the wake of the Honolulu conference, there have been further indications of a hardening attitude in some circles toward the character and performance of the military regime. These signs were particularly evident during the past week in Buddhist circles, which have reacted negatively to Ky's cabinet reorganization, and among certain political and intellectual circles which appear skeptical of the government's willingness and ability to carry out reforms in the political, economic, and social fields.

2. The US Embassy reported that reactions to Ky's cabinet reshuffle were slow to develop, but tended to follow anticipated lines. Although "die-hard" southerners continue to view the government as northern-dominated, the appointment of four additional southerners to new government positions has mollified the bulk of moderate southerners. The appointment of a Catholic lay leader as secretary of youth has pleased most Catholic circles, although some Catholics are reported uneasy over the alleged Marxist background of the new economy minister. Businessmen, on the other hand, tend to expect stronger economic leadership from the cabinet revision. Buddhist leaders clearly resent the replacement of a prominent sympathizer, Ngo Trong Anh, as public works secretary and the increase of Catholic representation in the cabinet; however, the only public comment, appearing in a Saigon newspaper which reflects the views of monk Tri Quang, somewhat backhandedly praised the smooth manner in which Ky effected his governmental changes. Other Saigon papers have devoted minimal comment to the reorganization, but one observed that the changes do not affect the country's basic need for leaders with the "courage to carry out policies they have outlined."

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Economic Situation

9. The new Economic Minister, Au Truong Thanh, has indicated to the US mission that he is reluctant to initiate any dramatic moves that would endanger his position in the government. He was also unwilling to give final decisions on certain economic policy actions discussed in Honolulu even though it was made clear to him the GVN and US had reached agreement on these matters and it was now a matter of implementing them.

10. For political reasons, Thanh is against imposing new taxes at this time. He has proposed that the high prices of rice in the areas north of Saigon be lowered by subsidizing rice sales using counter-part funds; the USAID Director has given general approval to this proposal. Finally, Thanh believes that the port situation is the number one problem. He said that Prime Minister Ky had signed a decree on 26 February giving the port director full authority to control all port operations including the police and customs officials.

11. Thanh's plan is to initiate key limited actions without undertaking any bold measures which might develop hostility among powerful economic interests during the early phase of his tenure of office. Thanh first wants to get public acceptance of his position and he would then move slowly toward large economic measures. The US Mission strongly

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questions this approach because of the serious economic situation.

12. The stocks of rice in Saigon rose from 79,000 MT at the end of January to 87,000 MT on 21 February. The increase resulted totally from imports. Rice deliveries from the delta to Saigon have remained low in February, averaging barely over 1000 MT per day. Meanwhile, wholesale and retail prices of rice are rising.

13. Retail prices in Saigon rose in the week ending 21 February primarily by small amounts. The most significant increases were in rice, charcoal, and firewood. According to the USAID Index, the general level of retail prices remained three percent below a month ago.

14. The prices of \$10 bills and \$10 MPC (scrip) in the Saigon free market were unchanged at 169 and 177 piasters per dollar, respectively. The price of gold rose by one piaster per dollar to 223. In Hong Kong the piaster-dollar cross rate remained at 159.

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B. MILITARY SITUATION

1. The over-all level of Communist-initiated activity for the week ending 26 February rose substantially.

2. During the period there were 939 Communist-initiated incidents compared with the preceding week's 757--or about 200 more than the weekly average for the last half of 1965 and 100 more than the 1966 weekly average. There were 26 attacks and 574 incidents of terrorism compared to 16 and 454 respectively for the previous week. Both of the large-scale attacks occurred on 21 and 22 February in Binh Thuan Province. The kill ratio this reporting period favored free world forces 2.2 to 1, down from 4.6 to 1. Viet Cong casualties were 1,122 killed and 92 captured. Totals the week before were 1,357 killed and 122 captured. South Vietnamese casualties for the reporting period were 379 killed, 826 wounded and 183 captured or missing--a total of 1,388 compared to preceding period's 694. Total US casualties rose to 887 from the 454 of the previous week; total other free world casualties also rose--from 30 to 58. The South Vietnamese lost 392 weapons and captured 264 from the Communists; enemy losses included 20 crew-served weapons, while friendly forces lost seven.

GVN/Allied Activities

3. Friendly activity continued at a high level for the third week with emphasis on search-and-destroy operations. Although there were fewer small-unit actions and no increase in battalion-size operations, there were more contacts with the enemy during this period and the level of fighting showed a marked increase.

4. Over 50 percent of ARVN weekly casualties occurred in I Corps area. On 25 and 26 February during the 1st Division (ARVN) multibattalion search-and-destroy operation in Quang Tri Province, five battalions (ARVN) became heavily engaged with an estimated two VC battalions. In the two-day battle friendly losses were 12 killed, 104 (2 US) wounded, and 6 missing. Viet Cong losses were 220 killed, 4

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[redacted]

captured, and 25 weapons seized. In Thua Thien Province on 25 February, a Regional Forces company engaged an estimated VC battalion, and was immediately reinforced by available 1st Division (ARVN) forces. Friendly losses were 8 killed, 22 wounded and three weapons. The VC lost 49 killed, 19 captured and 14 weapons. The combined USMC/ARVN Operation [redacted] in southern I Corps area continued with daily contacts. Friendly losses thus far are 8 killed (4 USMC, 4 ARVN) and 133 wounded (102 USMC, 31 ARVN). Enemy losses are 70 killed, 23 captured, 44 individual weapons and three crew-served weapons seized. In Quang Ngai Province, another significant operation was conducted by the 2nd Division (ARVN) to support the local pacification program. On 23 February, contact with a VC force of unknown size resulted in friendly losses of 43 killed, 33 wounded, 28 missing and over 100 weapons lost. Viet Cong losses were 10 killed and six weapons seized.

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5. In II Corps area, US forces conducted battalion-size search-and-clear operations. ARVN forces initiated pacification activities along the east side of Route 1 north of Bong Son, and ROK forces continued to secure Route 1. Cumulative friendly losses from this month-long operation now are 366 killed (239 US, 4 ROK, 123 RVN), 1,206 wounded (828 US, 20 ROK, 358 ARVN) and 6 US missing. Enemy losses were 1,742 killed, 430 captured, over 2,000 suspects detained, 302 individual weapons and 63 crew-served weapons seized. Operation [redacted] conducted by the 1st Brigade, US 101st Airborne Division and the Korean Marine Brigade in the rice harvest area southwest of Tuy Hoa, terminated on 21 February with over 30,000 tons of rice harvested. Friendly losses from this 32-day operation were 98 killed (54 US, 44 ROK), 309 wounded (194 US, 115 ROK) and 2 ROK missing. Viet Cong losses were 670 killed, 49 captured and 153 weapons seized.

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6. During Operation [redacted] this week in III Corps area, the VC lost 122 killed and 11 captured when they attempted to penetrate the perimeter of the 1st Brigade, US 1st Infantry Division with a force estimated to be three battalions. Friendly losses were 11 killed, 74 wounded and three M-48 tanks and five M-113 APC's damaged. Operation [redacted] continued without major contact and on

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25 February the 2nd Brigade, US 1st Infantry Division was relocated to Dau Tieng.

7. The most significant friendly activity in IV Corps area this week was the multibattalion, 21st Division (ARVN) operation in Chuong Thien Province during which armed helicopters accounted for 35 of the 41 VC killed. In addition, 35 VC with five weapons were captured, while friendly losses were one killed.

8. Free world forces conducted 88 battalion - or larger-size operations during the week ending 26 February, 44 of them achieving contact--33 RVN, two ROK, and nine US. There were 21,986 small-unit operations, including 3,313 conducted by US forces. Of the 187 which achieved contact with the enemy, 132 were conducted by US units. Sea, river, and coastal forces searched 4,116 junks and 16,728 people compared to 4,632 junks and 18,325 people respectively for last week. None of the 198 persons detained was confirmed as VC.

9. There were seven B-52 Stratofortress raids during the week ending 27 February. During the period 18-24 February there were 3,256 tactical air strikes and armed reconnaissance sorties flown by the US Air Force, Navy, Marine and Vietnamese aircraft. These strikes, in addition to supporting ground activities, produced the following results: 1,706 structures destroyed, 1,330 damaged; 80 sampans destroyed, 65 damaged; three gun emplacements destroyed; two trucks destroyed, one damaged; eight roads cut or cratered and one bridge approach cratered. In addition, 139 VC were reported probable KBA with four confirmed KBA (killed by aircraft).

Communist Activity

10. In I Corps area, the level of Communist activity doubled from that of the previous week. In Quang Tri Province on 22 February, a Popular Forces platoon and a Regional Forces company operating separately, but in close proximity to each other were attacked simultaneously. The platoon lost 20 killed, 14 wounded, seven missing and 20 individual weapons. The Regional Force company losses have not

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yet been confirmed. The attacking force was identified as an element of the 808th VC Main Force Battalion. Also on 22 February, an estimated two VC companies attacked a government security force in Quang Nam Province. A reaction force of two Ranger companies engaged an estimated VC battalion, and the subsequent heavy contact resulted in friendly casualties of 18 killed, 46 wounded, and 10 missing. Enemy losses were 114 killed. On 22 February, a US Marine Corps aircraft flying at 16,000 feet in western Quang Tri Province received fire from a suspected antiaircraft gun.

11. In II Corps area, enemy activity remained at about the same level as the preceding week but there were more armed attacks. On 21 February, an ARVN battalion in convoy was ambushed by an estimated VC battalion in Binh Thuan Province, and on the same day an unknown number of VC attacked and overran an outpost in Quang Duc Province. On 22 February, an estimated VC battalion attacked the district town of Thien Giao in Binh Thuan Province. Friendly losses were 26 killed, including the district chief, while VC losses were 57 killed and one captured. Documents captured in Darlac Province identified the 966th Battalion, 32nd Regiment in an area northeast of Ban Me Thuot; this unit was previously located in western Pleiku Province.

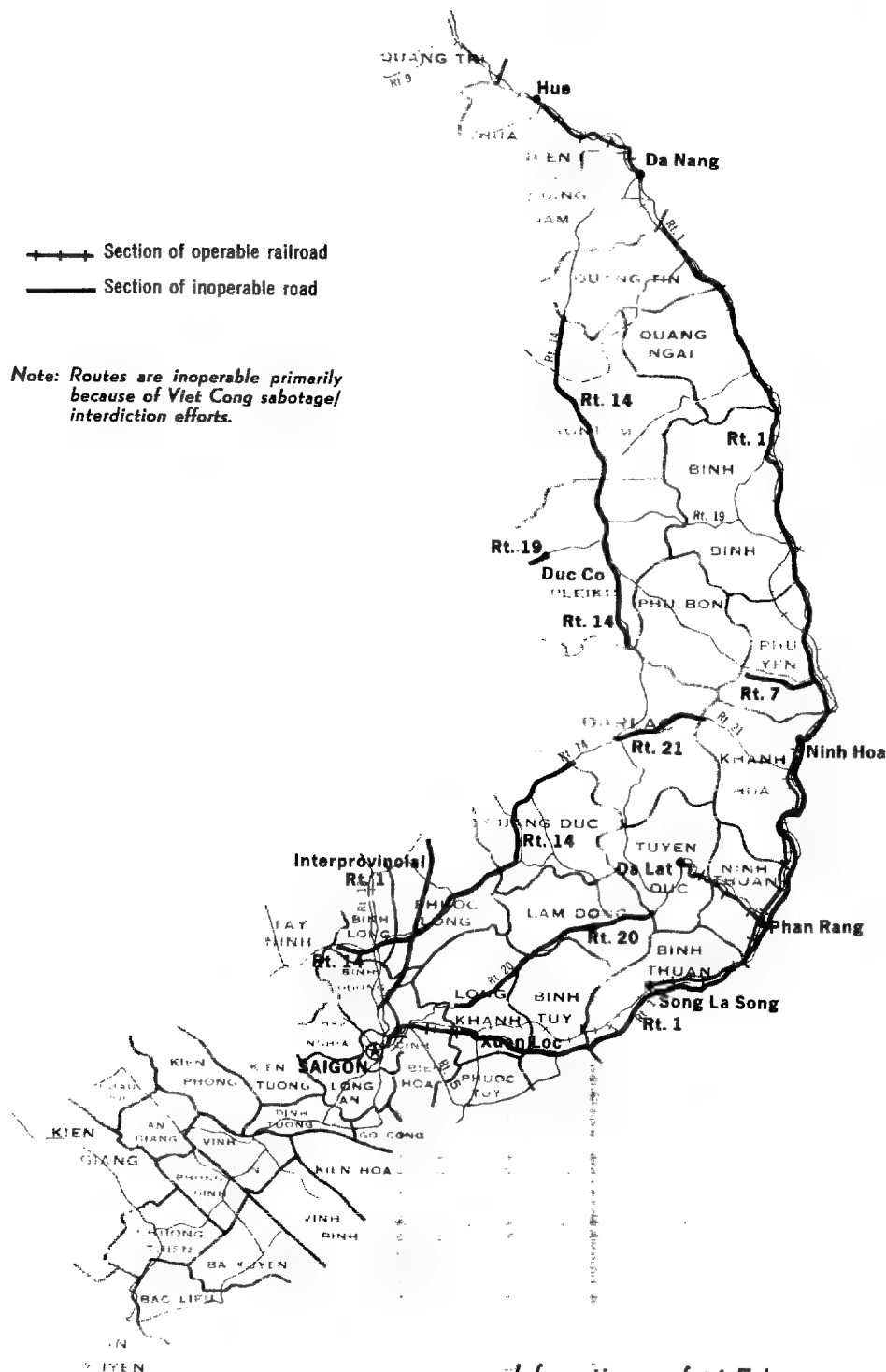
12. In III Corps area there was a slight decline in enemy activity. On 18 February, an unidentified force attacked an outpost in southern Long An Province. At the same time two district towns and six other outposts in the same area came under attack or harassment. Friendly losses were 10 killed and eight wounded; while VC losses were 28 killed.

13. There was a slight increase in the number of Communist-initiated incidents during the week in IV Corps area. The Binh Thuy Airfield was harassed on 20 February by small arms and mortar fire, resulting in 10 wounded, two trucks damaged and a U-10 aircraft damaged. On 23 February, two outposts in the vicinity of Can Tho and Binh Thuy airfields were attacked by an estimated two VC companies. [] believes these incidents may be the beginning of a VC effort in Phong Dinh Province to isolate Can Tho from the rice area of An Giang and Chau Doc provinces.

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14. National Route 1 is closed in Quang Tin, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan, Binh Thuan, Binh Tuy, and Long Khanh provinces. Route 14 is closed in Kontum, Pleiku, Quang Duc, Phuoc Long, and Binh Long provinces. Route 19 is closed west of Duc Co, Pleiku Province. Route 7 is closed in Phu Yen Province. Route 20 is closed in Lam Dong and Long Khanh provinces. Route 21 is closed in Darlac Province. Inter-provincial Route 1 is closed in Binh Duong and Phuoc Long provinces.

15. The National Railroad is operating between Saigon and Xuan Loc, Long Khanh Province; between Song La Song, Binh Thuan Province, and Ninh Hoa, Khanh Hoa Province; between Dalat, Tuyen Duc Province, and Phan Rang, Ninh Thuan Province; and between Da Nang and Hué.

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C. RURAL CONSTRUCTION

1. To express better the spirit of the government's pacification effort, the US mission in Saigon has settled on the term "revolutionary development" as the translation of the Vietnamese expression for what was formerly called rural construction. Deputy Ambassador Porter has taken charge of all aspects of the US community's support of the program.

2. On 21 February, 4,500 persons entered the Vung Tau National Cadre Training Center in the first class to receive a new program of instruction designed specifically for revolutionary development cadre. Each province is represented by at least one 59-man team, while the four national priority areas (Da Nang - Hoi An, Qui Nhon - Phu Cat - Binh Khe, the area surrounding Saigon, and An Giang Province have larger representation.

3. In an attempt to utilize the country's administrative assets more effectively, Premier Ky issued a decree ordering trainees in the National Institute of Administration (NIA) to participate in the revolutionary development program.

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4. General Nguyen Duc Thang, minister of revolutionary development, plans a series of trips to all the provinces to visit cadres, confer with members of the provincial councils, and generally to check on the progress of development programs. During the week of 20-26 February he visited the IV Corps area.

5. The refugee population continues to grow. The latest figures showing 833,875 as of 20 February, an increase of 31,934 since 11 February. The following table compares the increase in the various categories of refugees for the two reporting periods:

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	<u>Total</u>	<u>In Temporary Shelters</u>	<u>Resettled</u>	<u>Returned to... Native Villages</u>
11 Feb	801,941	450,033	279,873	72,035
20 Feb	833,875	444,549	294,902	94,424

6. An encouraging trend is the number of refugees in temporary shelters. Also encouraging is the increase in the number of refugees returning to their native villages. This latter condition, if it persists, will be an indication that the government is extending its influence in the countryside.

7. According to US officials in Saigon, the newly appointed refugee commissioner, Dr. Nguyen Phuc Que, shows promise in his energetic and serious approach to the job. He has already been able to arrange with the ARVN's Saigon general to provide traveling army medical teams to to into the provinces where the refugee population is concentrated. Que also hopes to increase classroom space for the children of refugees and is making plans to get more assistance to the refugees from province-level officials.

8. Nguyen Hau Chi, the newly appointed province chief for Quang Nam, recently reviewed for General Lansdale some of the problems he expects to encounter when he assumes his new position this month. Pre-eminent among them is the noncooperation of VNQDD members who are unwilling to participate in the nine-village project, a pacification effort in the national priority zone south of Da Nang. (See The Situation in South Vietnam, 29 December 1965 and 9 February 1966 for earlier reports on this project.) The support of this group, whose young men are dodging ARVN efforts to draft them, is conditional upon the resolution of security problems in the province, primarily the security of Route 1 from Da Nang to the province capital of Hoi An and to the populous agricultural river valley just to the west.

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II. DEVELOPMENTS IN THE BLOC

1. Four US aircraft were lost over North Vietnam this week bringing total US losses to 201. Of these 140 have been lost to conventional groundfire, 12 or possibly 13 to SAMs, three to MIG fighters, and the rest for reasons not directly attributable to hostile action.

2. Two new SAM sites--numbers 91 and 92--were

both are situated within the established boundaries of SAM defenses in the areas of Hanoi, Haiphong, and Thanh Hoa, they do not extend SAM coverage, but, they do add depth to the defenses in this vital region.

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3. Hanoi propaganda began this week to react to the recent US public discussions of American policy objectives in Vietnam. A broadcast on 26 February quoted extensively from Western press account of the US Senate Foreign Relations hearings to prove that public opposition to US policy in Vietnam was growing rapidly. The broadcast claimed that the hearings contributed to this growth by bringing "the truth" to the American people.

4. An indirect though more substantive comment on the current debate appeared in a statement by North Vietnamese lawyer Do Xuan Sang on the role of the Liberation Front (NFLSV) which was also broadcast on 26 February. While not referring to the discussions on the role of the Front currently under way in the US, Sang maintained that the NFLSV "unquestionably had a juridical status in the eyes of international law" because it controlled "four-fifths of the territory of South Vietnam, three quarters of the people, discharged all its international obligations and exercised the powers of a sovereign state." Sang stopped short of calling for recognition of the Front as a government but closed his remarks by quoting Ho Chi Minh's letter of 24 January to the effect that "if the US really wants peace it must recognize the NFLSV as the sole representative of the South Vietnamese people and enter into negotiations with it."

5. Chinese reaction to the recent discussions of the Front's role appeared in a 27 February broadcast which made it clear that Peking does not think

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the Vietnamese Communists should settle for anything less than total control of the government in South Vietnam. According to the broadcast, Senator Robert Kennedy's expression of a willingness to give the Front "a role in a coalition government" was nothing but a "trick." According to Peking, the Front would be only a "minority group" in such a government, rather than the "sole representative of the Vietnamese people," as the Communists demand. The Front, asserted the broadcast, would never play the "walk-in part" of a "showpiece in a puppet regime fostered by the US."

Hanoi's Position on Discussion With British in Moscow

6. Hanoi responded quickly to Western press reports hinting that concessions in the DRV position on settling the war had been made during the 23 February contact with the DRV embassy in Moscow by Prime Minister Wilson's special representative, Lord Chalfont. A spokesman for the DRV Foreign Ministry on 25 February issued a statement summarizing the meeting which asserted that all reports carried by Western news agencies and at variance with the official statement were to be considered "distorted news." The official statement claimed that the chargé of the embassy in his conversation with the British representative had condemned UK support for the US policy, unmasked the "wicked scheme of the so-called unconditional negotiations of the US," and "clearly explained the DRV Government's four-point stand."

Soviet Reaction to Wilson Visit

7. The present lack of movement in Soviet policy and tactics on Vietnam was displayed again during British Prime Minister Wilson's recent talks with Russian leaders in Moscow. The British got the distinct impression that the Soviet Union sees no door open for negotiations, and accordingly is unwilling to take any initiative in that direction.

8. The results of the Wilson visit appear to reinforce the assessment voiced earlier by the British Embassy in Moscow to the effect that, since the return of Shelepin from Hanoi and the resumption of the bombing of North Vietnam, the Russians will become active

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again "only when they judge that the attitude of the Vietnamese Communists permits them safely to do so." Although worried by the dangers latent in the intensifying conflict, the Soviet leaders evidently believe that for the time being any Russian move in favor of a negotiated solution would be both ineffective and seriously detrimental to their own interests in the Sino-Soviet dispute.

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III. THIRD COUNTRY DEVELOPMENTS

A. JAPAN

1. Bui Diem, secretary of state for foreign affairs and formerly special assistant to Premier Ky, is scheduled to arrive in Japan on 4 March for a five-day "unofficial" visit. Diem has told the embassy that the main purpose for the visit will be to test the atmosphere for a possible visit of Premier Ky to Japan this spring. Earlier plans called for a visit in March by Ky but the Japanese proposed delaying it to an unspecified date. Diem also hopes to confirm the availability of about nine million dollars in Japanese loans previously allocated but which have been unused because of some question over interest rates.

B. FRANCE

1. South Vietnamese Foreign Minister Tran Van Do gave an interview to Vietnam Press, the semi-official GVN news agency, in which he commented more in sorrow than in anger on President De Gaulle's letter to Ho Chi Minh. Do stated that French policy on Vietnam seems to stem more from France's "offended pride" than from reason and equity. He also pointed out that De Gaulle's assertion that the GVN is not representative does not ring true since if the GVN had not broken relations, France would still have an ambassador in Saigon.

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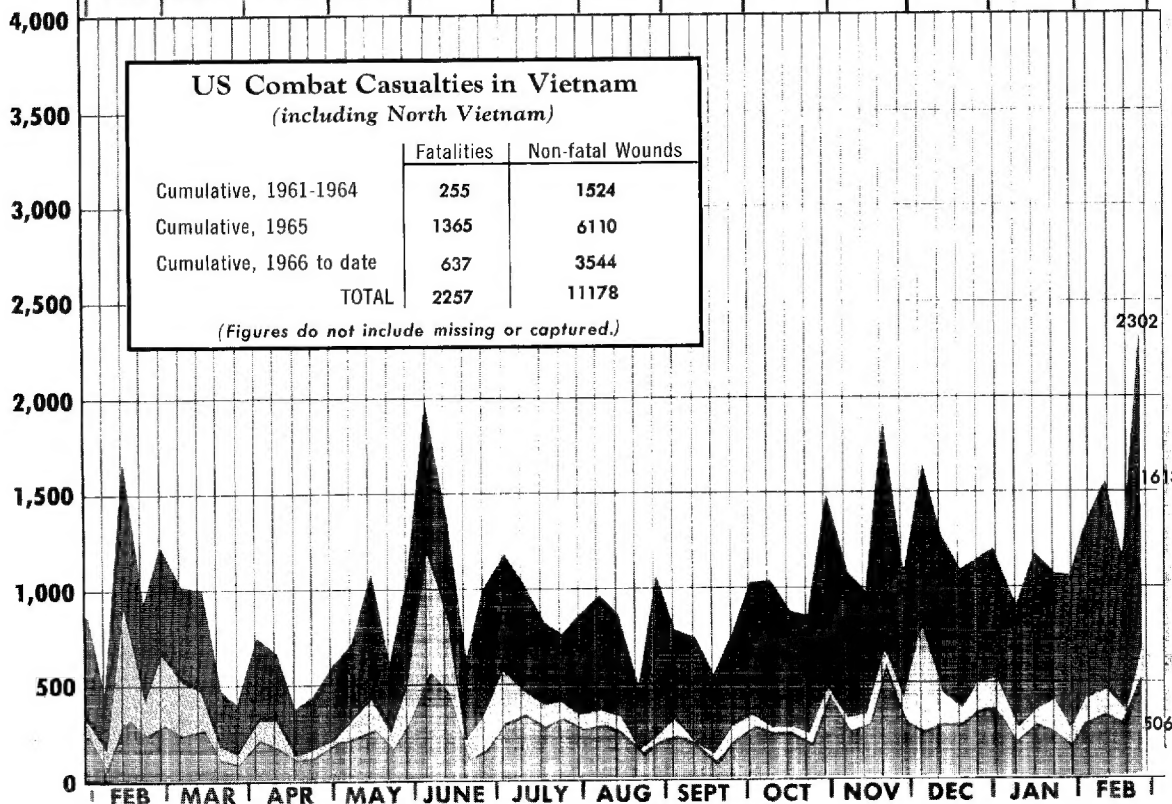
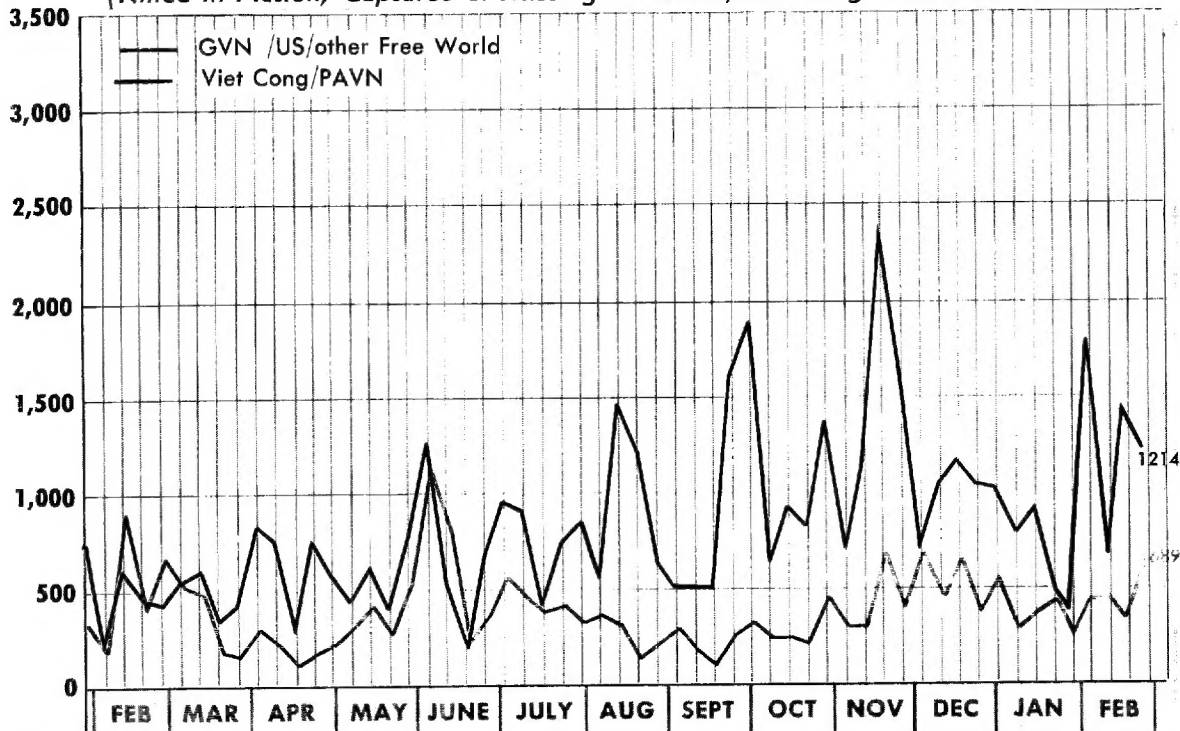
SOUTH VIETNAM BATTLE STATISTICS

WEEKLY REPORT 19 FEBRUARY - 26 FEBRUARY 66

Total Personnel Losses

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(Killed in Action, Captured or Missing in Action, excluding Wounded in Action)



Total Friendly Forces Personnel Losses (US/GVN/Other Free World)

Legend: Killed in action (dark gray), Missing or Captured in action (light gray), Wounded in action (medium gray)

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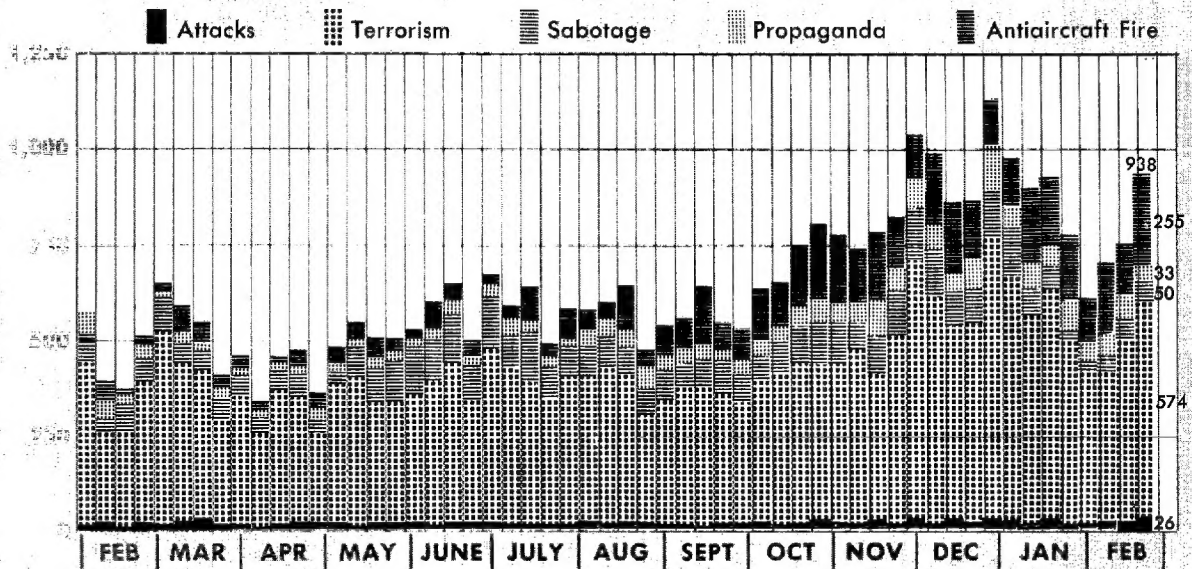
SOUTH VIETNAM BATTLE STATISTICS

WEEKLY REPORT

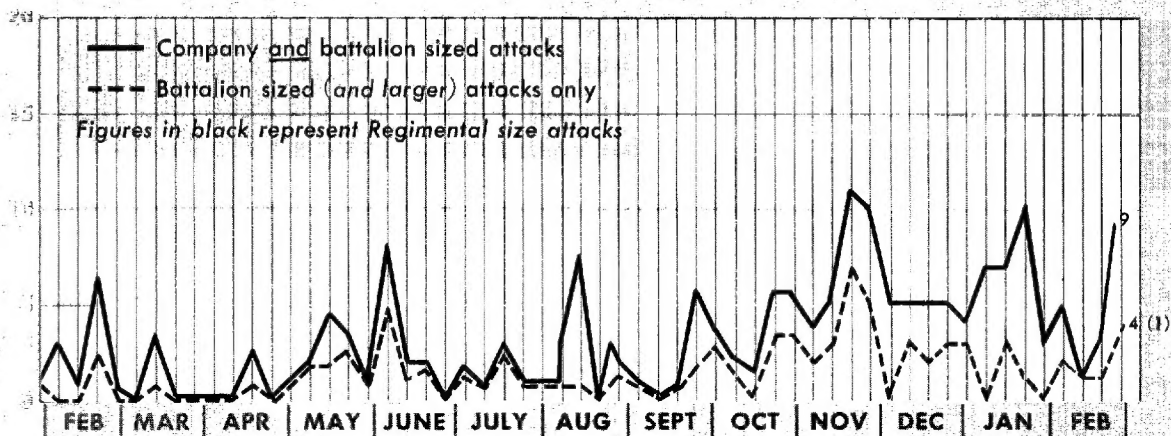
19 FEBRUARY - 26 FEBRUARY 66

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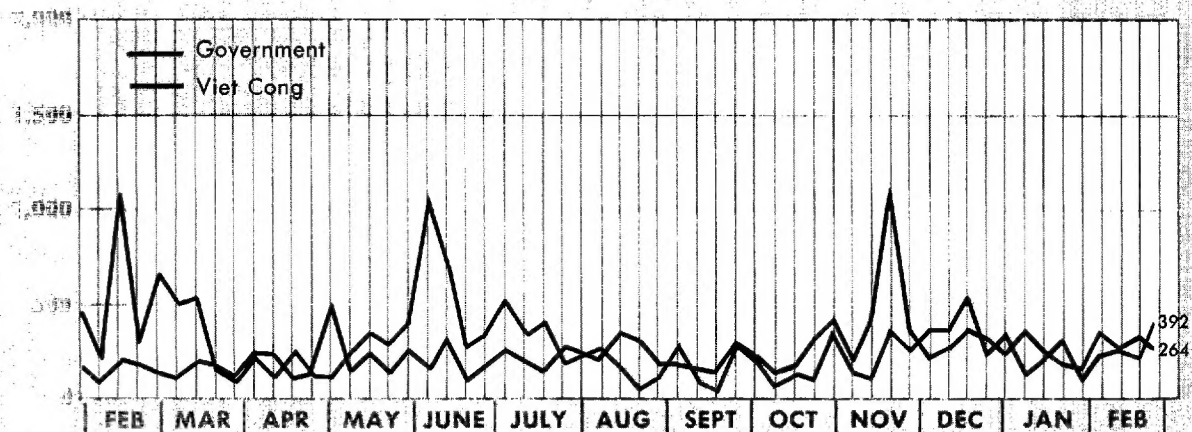
Viet Cong Incidents



Viet Cong Attacks



Weapons Losses



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